

## Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-01 INR-07

INT-05 L-02 NSAE-00 NSC-05 OMB-01 PM-03 SAM-01 OES-03

SP-02 SS-15 STR-01 TRSE-00 FRB-03 PA-01 PRS-01 USIA-06

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R 192113Z FEB 75

FM AMEMBASSY BOGOTA

TO SECSTATE WASHDC 7160

INFO AMCONSUL CALI

AMCONSUL MEDELLIN

C O N F I D E N T I A L BOGOTA 1613

E.O. 11652: GDS

TAGS: ENRG, CO

SUBJECT: COLOMBIAN PETROLEUM DEVELOPMENTS

REF: BOGOTA A-13

1) AFTER MONTHS OF PUBLIC INSISTENCE THAT NO SERIOUS PROBLEMS EXIST RE PETROLEUM SUPPLIES FOR 1975, GOC HAS DECIDED TO PRESENT RATHER GLOOMY FACTS OF SITUATION TO COLOMBIAN PUBLIC. IN PRESS INTERVIEW OF FEB 16, HEAD OF STATE-OWNED OIL COMPANY ECOPETROL, FRANCISCO VILLAREAL, ACKNOWLEDGED HEAVY IMPORT BILL FOR AT LEAST NEXT THREE YEARS. PROJECTIONS FOR 1975 IMPORTS WERE SIMILAR TO THOSE CONTAINED IN REFERENCE AIRGRAM. VILLAREAL INSISTED, HOWEVER THAT LONG-RANGE OUTLOOK IS FAVORABLE AND THAT GOC POLICIES ARE BEING DEVELOPED TO MEET CRISIS. THE EMBASSY PRESENTLY SEES NO SOUND BASIS FOR THIS OPTIMISM.

2) THE ECOPETROL BOARD RECENTLY EXPRESSED DISCONTENT  
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TO PRESIDENT LOPEZ OVER DISORGANIZATION IN ECOPETROL AND WAS

STRONGLY CRITICAL OF VILLAREAL. THE EMBASSY UNDERSTANDS THAT THE BOARD HAS IN A MORE GUARDED FASHION ALSO CRITICIZED THE MINISTER OF MINES. LOCAL PRESS CARRIED REPORTS OF THEIR GENERAL DISCONTENT AND MINISTER THEN AUTHORIZED VILLAREAL TO GIVE OUT FACT OF IMPORT PICTURE-EVEN THOUGH THESE CLEARLY CONTRADICT PREVIOUS STATEMENTS BY MINISTER. MINISTRY'S RATIONALE AS GIVEN TO EMBASSY BY VICE-MINISTER, IS THAT MINISTER HAD BEEN ATTEMPTING TO PREVENT ADVERSE ECONOMIC IMPACT FROM CONCERN OVER ENERGY OUTLOOK BUT TOO MUCH DATA HAD NOW BECOME PUBLIC FROM PRIVATE SECTOR SOURCES.

3) CONTRARY TO VILLAREAL'S LONGER-TERM OPTIMISM, PRIVATE COMPANY REPRESENTATIVES ARE INCREASINGLY DISTRESSED OVER SITUATION AS INDICATED REFERENCE AIRGRAM. THEY CITE IN PARTICULAR UNWILLINGNESS OF MINISTER TO DISCUSS PROBLEMS AND HIS INSISTENCE ON UNREALISTIC PRICE FORMULAS FOR BOTH PRODUCTION AND POSSIBLE INCREASED PARTICIPATION BY ECOPETROL. AT SAME TIME, THEY RESERVE PART OF CRITICISM FOR FINANCE MINISTER BOTERO WHO IS ALSO APPARENTLY HEAVILY INVOLVED IN INTERNAL GOC DISCUSSIONS OF PRICE STRUCTURE. PRESIDENT LOPEZ IS SCHEDULED TO ADDRESS COUNTRY ON TV FEB 20 AND IN DISCUSSING PETROLEUM SITUATION IS EXPECTED TO ANNOUNCE POLICY OF PRICE INCREASES PLUS INCREASED ECOPETROL PARTICIPATION IN ALL EXISTING OPERATIONS. PRIVATE SECTOR OFFICIALS HOPE TO MAKE CLEAR TO HIM IN ADVANCE, HOWEVER, THAT THEY BELIEVE NO REASONABLE PROPOSAL ON PRICES HAS YET BEEN DEVELOPED. 4) REPORTS AROUND THAT MINISTER OF MINES AND HEAD OF ECOPETROL WILL SOON BE REPLACED. MINISTER HAS EVEN INDICATED TO CLOSE CONTACTS THAT HE EXPECTS TO BE RELIEVED SOON. EMBASSY ALSO UNDERSTANDS THAT SEVERAL ECOPETROL OFFICIALS HAVE BEGUN DISCREET DISCUSSIONS WITH PRIVATE COMPANIES ON PRICES FOR MARGINAL PRODUCTION WHICH COULD BE RAPIDLY BROUGHT ON STREAM. THESE NEGOTIATIONS IMPLICITLY ASSUME A NEW HEAD OF ECOPETROL AND MORE INFLUENTIAL POLICY ROLE FOR COMPANY. IN THE MEANTIME, PRODUCTION CONTINUES TO DECLINE, IMPORTS ARE INCREASING, AND NO COHERENT PETROLEUM POLICY APPEARS TO EXIST.

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## Message Attributes

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